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# FISCAL POLICIES MANUAL

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## GENERAL ACCOUNTING: FUNDS AND ROTARY ACCOUNTS

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### PREFACE

A rotary account is established for an agency to provide cash disbursement, within an authorized limit. The rotary account is designed to be reconciled to its authorized limit at the end of each month.

*Idaho Code Title 67* charges the State Board of Examiners with the responsibility to authorize rotary accounts and to approve the amount of the rotary account. The Code also grants authority to the State Controller to charge the operating fund of the agency for which the rotary account is established.

The Code further specifies that:

- Rotary disbursements *do not* increase the appropriation of the corresponding operating fund.
- Rotary account money is to be kept in the state treasury until drawn by a sight draft.
- The State Controller shall prescribe the form of itemized vouchers to accompany expenditures paid by sight draft.
- Each agency is required to make a complete itemized accounting of all disbursements from the rotary account.
- The State Board of Examiners has authority to review, allow, reject, or disallow rotary disbursements.

### DEFINITION

Rotary Account - A revolving account created within an agency's fund structure, to expedite disbursements. All disbursements are subsequently recorded in an operating fund, when reimbursements to the rotary account are made from the operating fund. Rotary accounts (STARS fund series 0800-0999) are not carried into the financial statements at fiscal-year end.

Abusive Use - Repeated or severe violation of *Idaho Code*, State policy, or procedures established by the State Controller or the State Treasurer.

## **POLICY**

All rotary accounts will be established or increased only upon approval of the State Board of Examiners. The rotary account disbursing officer shall be held responsible and accountable for all rotary account activity and the money transferred to the account. Upon recommendation of the State Controller or the State Treasurer, the Board of Examiners may revoke its authorization of rotary accounts, for abusive use of the rotary account. Rotary accounts are not to be used for any expenditure reasonably payable through the State warrant system.

## **FISCAL IMPACT**

None.

## **ADMINISTRATIVE PROCEDURES**

A rotary account, as approved by the Board of Examiners, will be established for an agency to issue its own sight drafts (checks) for travel advances, travel expense reimbursements, petty cash, and small emergency expenditures.

## **TO ESTABLISH OR INCREASE A ROTARY ACCOUNT**

1. The agency director must write a letter to the Board of Examiners, requesting a rotary account be established or the amount increased. The letter must specify the amount to be transferred to the rotary account and the agency's operating fund from which the money is to be transferred. Upon approval by the Board of Examiners, the money is transferred from the agency's operating fund's cash balance to the rotary account and does not offset the appropriation until the rotary account is reimbursed for actual expenditures.
2. Pre-numbered sight drafts may be obtained from any commercial printer designated by the State Treasurer's Office.
3. Applicable detailed procedures are established by the State Controller's Office.

## **THE DISBURSING OFFICER'S AUTHORITY AND RESPONSIBILITY**

1. A rotary account may have more than one disbursing officer. Each disbursing officer is required to complete signature authorization cards for both the State Controller and the State Treasurer's Office. Cards must be obtained from the State Controller's Office.
2. Only those persons with a signed card on file as disbursing officer for a specific rotary account may sign sight drafts.
3. Persons authorized to sign a sight draft must sign with the same signature, in the same format used on the authorizing signature card.

4. The State Controller and the State Treasurer must be notified in writing when a disbursing officer's authority has been revoked.
5. The disbursing officer shall reconcile the rotary account monthly and account for all sight drafts, as indicated in detailed instructions established by the State Controller's Office.
6. Agencies must follow all rotary instructions established by the State Controller's Office, unless granted a written exception.